

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 L-03 TRSE-00 EURE-00 SCA-01 CIAE-00

INR-10 NSAE-00 RSC-01 ABF-01 SS-20 NSC-10 STR-08

AID-20 COME-00 EB-11 FRB-02 XMB-07 OPIC-12 SPC-03

CIEP-02 OMB-01 FCSC-01 DRC-01 FS-01 /141 W

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P 181520Z DEC 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC PRIORITY 5553

C O N F I D E N T I A L PRAGUE 2862

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/R, CZ

SUBJECT: CLAIMS NEGOTIATIONS--SESSION 13

REF: PRAGUE 2847

1. BEGIN SUMMARY. AT 13TH SESSION US DELEGATION SAID THAT US WOULD AGREE TO \$21 MILLION LUMP-SUM CLAIMS SETTLEMENT IN OTHERWISE ACCEPTABLE PACKAGE AND THAT CZECH CONCERNS ON MFN AND RETURN OF GOLD COULD BE RESOLVED DURING DRAFTING SESSIONS. CZECH DELEGATION ASKED US TO RECONSIDER CZECH OFFER TO PAY PRINCIPAL OF SURPLUS PROPERTY DEBT IN CROWNS. END SUMMARY.

2. HEAD OF CZECH DELEGATION (ZANTOVSKY) OPENED DECEMBER 17 SESSION BY EXPRESSING SATISFACTION AT US OFFER IN PREVIOUS SESSION TO EXTEND PAYMENTS BEYOND FIVE YEARS, CALLING THIS GOOD BASIS FOR PROCEEDING TO AGREEMENT ON THIS POINT. HE THEN EXPRESSED DISAPPOINTMENT AT SURPLUS PROPERTY PROPOSAL, WHICH DID NOT OFFER POSSIBILITY FOR AGREEMENT. HE THEN ASKED THAT US RECONSIDER EARLIER CZECH PROPOSAL THAT THEY PAY PRINCIPAL AMOUNT OF SURPLUS PROPERTY DEBT IN CROWNS.

3. ZANTOVSKY THEN REMARKED THAT US DEL HAD NOT TOUCHED ON SEVERAL OTHER MATTERS UNRESOLVED IN PREVIOUS SESSIONS, PARTICULARLY INCLUDING CONTINUED INSISTENCE ON LUMP-SUM PAYMENT
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OF \$26 MILLION. (THIS FOLLOWED PREVIOUS INFORMAL DISCUSSION

DURING WHICH ZANTOVSKY SAID THAT US FAILURE TO WITHDRAW FROM \$26 MILLION LUMP-SUM REQUIREMENT HAD MADE IT IMPOSSIBLE FOR HIM TO DISCUSS TOTAL POSITION REALISTICALLY WITHIN HIS GOVERNMENT, AND DURING WHICH HE THEN ASKED IF WE WOULD PUT 40 PERCENT OFFER ON TABLE.) HE THEN ASKED IF US DELEGATION WAS PREPARED TO RESPOND TO CZECH PROPOSALS CONCERNING RELIEF FROM MAKING PAYMENTS ON LUMP SUM IF MFN WERE NOT GRANTED AND TYING OF ENTRY INTO FORCE OF AGREEMENT TO ACTUAL DELIVERY OF GOLD TO CZECHOSLOVAKIA.

4. DCM IN REPLY SAID THAT IF ALL OTHER PARTS OF AGREEMENT WERE ACCEPTABLE, US WAS PREPARED TO CONCLUDE AGREEMENT WHICH PROVIDED FOR PAYMENTS TO US CLAIMANTS OF 40 PERCENT OF VALUE OF THEIR CLAIMS. THIS WOULD MEAN LUMP-SUM SETTLEMENT OF \$21 MILLION AFTER TAKING INTO ACCOUNT AMOUNT PREVIOUSLY DISTRIBUTED TO CLAIMANTS. HE EMPHASIZED THAT OFFER WAS NOT SIMPLY FALL-BACK POSITION BUT BASIC POSITION WHICH WOULD NOT CHANGE. ZANTOVSKY SAID THAT PROPOSAL WAS CONSTRUCTIVE STEP. DCM THEN SAID THAT BECAUSE CZECHS HAD NOT PLACED UNACCEPTABLE TRADE CONDITIONS ON CONCLUSION OF AGREEMENT, HE BELIEVED THEIR CONCERNS ABOUT DELAYS IN US GRANTING MFN COULD BE RESOLVED DURING DRAFTING SESSIONS. HE SAID THAT THERE WAS NO AMBIGUITY IN US EXPECTATION THAT GOLD WOULD BE RETURNED FOLLOWING CONCLUSION OF AGREEMENT, AND THAT PROBLEM OF LINK BETWEEN RETURN OF GOLD AND ENTRY INTO FORCE OF AGREEMENT COULD BE RESOLVED SIMILARLY.

5. ZANTOVSKY CLOSED MEETING BY SUGGESTING THAT NEXT SESSION BE HELD SOMETIME AFTER JANUARY 7.
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Message Attributes

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